

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 6441**

**BILL NUMBER:** HB 1176

**NOTE PREPARED:** Jan 27, 2006

**BILL AMENDED:** Jan 25, 2006

**SUBJECT:** Handgun License Renewal.

**FIRST AUTHOR:** Rep. Woodruff

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1<sup>st</sup> House

**FUNDS AFFECTED:** X GENERAL  
DEDICATED  
X FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** (Amended) This bill provides that the period during which an application for the renewal of a handgun license may be filed begins 180 days before the license expires. It requires the superintendent of the State Police (ISP) and local law enforcement agencies to allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically if federal funds are available to establish and maintain an electronic application system. It requires the superintendent to keep on file one set of fingerprints from each applicant if an electronic application system is established. It requires the state to participate in the National Instant Criminal Background Check System (NICS) for firearms sales if federal funds are available to assist the state in participating in the NICS.

The bill also repeals provisions (1) relating to an audit of the destruction of handgun purchase records by the Attorney General; (2) describing State Police procedures in reference to a background check request by a handgun dealer; (3) specifying a handgun buyer's right to review and correct criminal history information; (4) establishing a criminal penalty for obtaining criminal history information under false pretenses; and (5) establishing a criminal history check fee. The bill makes other changes and conforming amendments.

**Effective Date:** July 1, 2006.

**Explanation of State Expenditures:** (Revised) *Electronic Application for a Handgun License.* This provision will not have a state impact because federal funds must be available in order for the state to participate. It is possible that the state could incur expenses in the future if federal funds are discontinued. With respect to establishing and maintaining an electronic system with Internet access whereby applicants can apply for a handgun license, the projected additional expenses for the system are outlined in the table below.

<b>Task</b>	<b>Services</b>	<b>Equipment</b>	<b>Totals</b>
Provide web-based gun permit application for Internet applicants	\$80,000	\$30,000	\$110,000
Build web-based gun permit approval process for local agencies*	\$45,000		\$45,000
Develop E-commerce for on-line payment of fees.	\$35,000		\$35,000
<b>Web-Based Gun Permit Application Estimate</b>	<b>\$160,000</b>	<b>\$30,000</b>	<b>\$190,000</b>
Create firearms repository in FileNet**	\$10,000	\$25,000	\$35,000
Modify CHRIS***	\$20,000		\$20,000
Rewrite background check process to behind-the-scenes automated	\$40,000		\$40,000
Create scanning form/high-speed data entry screen for hardcopy applications related to handgun license.	\$40,000		\$40,000
Management / Audit report development	\$10,000		\$10,000
<b>Firearms Imaging Estimate</b>	<b>\$120,000</b>	<b>\$25,000</b>	<b>\$145,000</b>
<b>Total</b>	<b>\$280,000</b>	<b>\$55,000</b>	<b>\$335,000</b>
*The bill does not require. **Make record division consistent with records repository. ***Criminal History Records Info System. Interfaces with counties and the FBI.			

ISP issues about 80,000 gun permits per year. Using an electronic system could save time and resources. An estimated three staff positions could be eliminated with the automated system for a reduction in expenditures for staff of an estimated \$140,000 per year. Additional reductions could include expenses for paper, elimination of manual record-keeping, processing, and accessing as well as improved security for the documents.

*Background.* Under existing law, the law enforcement agency which accepts an application for a handgun license must collect a \$10 application fee, \$5 of which must be refunded if the license is not issued. Fees are deposited into the law enforcement agency's firearms training fund or other appropriate training activities fund. The fund can be used by the agency for the purpose of training law enforcement officers or purchasing the law enforcement officers' firearms or firearm-related equipment. The officer to whom the application is made must ascertain certain information about the applicant. The officer must also conduct an investigation into the applicant's official records and verify the applicant's character and reputation, and the accuracy of the information contained in the application. The officer must forward the information with the officer's recommendation for approval or disapproval and one set of legible and classifiable fingerprints of the applicant to the ISP. The ISP may further investigate and approve or disapprove the application. The ISP must forward its recommendation to the officer to whom the application is made and the applicant. The ISP must retain a copy of the application for at least four years. The license is valid for four years. At the time a license is issued and delivered to a licensee, the superintendent must include information concerning handgun safety.

(Revised) *National Instant Criminal Background Check System (NICS).* The bill provides that the state must

participate in NICS, which is maintained by the Federal Bureau of Investigation, if federal funds are available to assist the state in participating. This provision will not have a state impact because federal funds must be available in order for the state to participate. It is possible that the state could incur expenses in the future if federal funds are not available.

*Criminal History Checks.* Under existing law, a dealer may not sell, rent, trade, or transfer a handgun to a person until the dealer has obtained a criminal history check from the ISP. The bill eliminates the requirement of the ISP criminal history check and instead provides that dealers may not sell, rent, trade, or transfer a handgun to a person until the dealer has obtained from the prospective purchaser a completed and signed Form 4473 and contacted NICS to request a background check. Dealers may transfer the gun when authorization from NICS is received. This provision will reduce administrative expenses for the ISP by an indeterminable amount.

The bill deletes provisions relating to the ISP providing a form that purchasers of handguns must fill out and give to the dealer in order for the dealer to obtain criminal history information from the ISP. The purchaser instead would be required to complete Form 4473 provided by the federal Bureau of Alcohol, Tobacco, Firearms, and Explosives. This provision should reduce ISP administrative expenses associated with providing the form. However, the dealer must still forward a copy of the form to the ISP. Consequently, the ISP will maintain expenses associated with processing the form.

*Maintenance of Records.* The bill repeals IC 35-47-2.5-8, which provides that the ISP may not maintain records in any form, including a computer data base, longer than 30 days after a dealer's request for a criminal history check concerning a buyer or transferee who is not found to be prohibited from possessing and transporting a firearm under state or federal law. A log of requests made to the ISP may be maintained for not more than 12 months, if the log consists only of the name of the purchaser; the dealer identification number; the unique approval number; the transaction date; and a record indicating that the fee collected by the dealer that has been transferred to the ISP. This provision could reduce administrative expenses for the ISP by an indeterminable amount.

*Repealed Provisions.* This bill repeals IC 4-6-3-12, which requires the Attorney General to conduct a compliance inspection to substantiate compliance upon receipt of a complaint that records of handgun purchases are not being timely destroyed. The Attorney General must report the findings of inspections to the Governor and to the presiding officer of each house of the General Assembly. Repealing this provision will reduce expenditures by a minimal amount.

#### **Explanation of State Revenues:**

**Explanation of Local Expenditures:** (Revised) Local law enforcement agencies must allow an applicant desiring to obtain or renew a license to carry a handgun to submit an application electronically if federal funds are available to establish and maintain an electronic application system. The bill would have no impact to the extent that federal funds must be available in order to establish the system. (Also, see *Explanation of State Expenditures* above.)

#### **Explanation of Local Revenues:**

**State Agencies Affected:** ISP.

**Local Agencies Affected:** Law enforcement entities.

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